OGC HAS REVIEWED.

Approved For Release 2006/01/10 : CIA-RDP78-04718A000500190092-7

CONFIDENTIAL

10 January 1950

MEMORANDUM FOR THE RECORD:

Referring to the correspondence between the office of the JAG, Department of the Army, and Mr. Frank Wisner (which correspondence is referred to in para. 4 of the accompanying basic memorandum from Mr. Wisner), the matter stands as follows as of this date:

> Correspondence in question was examined by the General Counsel, CIA. It consisted basically of a compendium of opinions concerning the legality of the employment by a department or agency of the government, as a consultant or regular employee, of an individual who had money invested in a firm which was supplying services or materials to the employing agency. In general, the opinions were predicated on the assumption that the individual, while owning a certain part of the supplying company, did not own a controlling share of the stock; or was not otherwise in a position to control the company. The DCI was of the opinion, which opinion was supported by the General Counsel, that the opinions and decisions in the JAG compendium were not germane to this exact issue, since the matter was a question of propriety rather than of law. The matter was again referred to the Director by the Executive on 9 January and he confirmed his previous statement that [redacted] was not to be employed as a consultant by CIA during the period through which certain companies in which he is known to be part owner are supplying equipment for the CIA.

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Executive

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Okayed by Gen. Smith 1/10/50 HSA

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